

Message Text

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ORIGIN FEA-01

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CIAE-00 COME-00 EPG-02 DODE-00 FPC-01 H-02 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15
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FM SECSTATE WASHDC
TO AMEMBASSY BONN

UNCLAS STATE 147551

E.O. 11652:

TAGS: ENRG

SUBJECT:
FRG OFFICIALS' QUESTIONS ON US ENERGY PROGRAM

REF: BONN 10156

1. IN REPLY TO YOUR QUESTIONS REGARDING THE US ENERGY PROGRAM, WE HOPE THE FOLLOWING ANSWERS DEVELOPED BY FEA CAN BE OF USE DITH FRG OFFICIALS.

2. AT THIS TIME THERE ARE NO SPECIFIC PROPOSALS TO ASSURE THAT INDUSTRIAL FIRMS PARTICIPATING IN COGENERATION RECEIVE FAIR RATES FOR SURPLUS POWER, BEYOND THE GENERAL LANGUAGE EMBODIED IN THE PLAN ITSELF. THE NATIONAL ENERGY ACT, IN ITS CURRENT FORM BEFORE THE CONGRESS, STATES
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IN SECTION 522 (A) THAT QUOTE THE ADMINISTRATOR SHALL, AFTER CONSULTATION WITH REPRESENTATIVES OF STATE REGULATORY AUTHORITIES, PRESCRIBE RULES REQUIRING ELECTRIC UTILITIES TO OFFER TO SELL ELECTRIC ENERGY FROM SUCH COGENERATORS. SUCH RULES SHALL INSURE THAT RATES FOR SUCH SALES AND PURCHASES DO NOT DISCRIMINATE AGAINST SUCH COGENERATORS, AND MAY, IN ORDER TO CARRY OUT THE

PURPOSES OF THIS ACT, INCLUDE PROVISIONS EXEMPTING
QUALIFYING COGENERATORS IN WHOLE OR PART FROM THE
FEDERAL POWER ACT, ETC. UNQUOTE

3. THE SPECIFIC PROVISIONS REGULATING THE AGENCIES
AND MEANS OF ESTABLISHING A COMPENSATING MECHANISM FOR
INTERFUEL SUBSTITUTION HAVE NOT YET BEEN PROMULGATED.
IT SEEMS UNLIKELY HOWEVER, THAT THE GOVERNMENT WOULD
HAVE NEED TO ACT AS A BUYER OF LAST RESORT, PARTICULARLY
IN LIGHT OF THE SELLER'S MARKET FOR NATURAL GAS.

4. THE LEGISLATION CONCERNING NATIONAL MILEAGE
STANDARDS IS THE ENRRGY POLICY AND CONSERVATION ACT AS
ENACTED IN 1975, BY PUBLIC LAW 94-63, TITLE III, PART (A).
ACCORDING TO THIS ACT, THE MILEAGE STANDARDS WSTABLISHED
BY THE EPCA ARE STILL VALID AND WILL CONTINUE TO BE SO.
THESE STANDARDS ARE TO BECOME EFFECTIVE FOR THE FIRST TIME
FOR THE 1978 MODEL YEAR, THAT IS, FOR CARS TO BE RELEASED
IN THE FALL 1977. THE STANDARDS ARE TO BE ENFORCED BY
THE US DEPT OF TRASPORTATION ON A COMPANY-BY-COMPANY BASIS.
ACTUAL TESTING IS CARRIED OUT BY THE ENVIRONMENTAL
PROTECTION AGENCY IN CONJUNCTION WITH ITS EMISSION
STANDARDS PROGRAM. SPECIFIC PENALTIES WILL APPLY ON A
COMPANY BASIS AND WILL BE: FIVE DOLLARS PER
CAR, PER EACH ONE TENTH MILE OF GALLON DEVIATION BY
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WHICH THE TOTAL FLEET AVERAGE FAILS TO ACHIEVE THE
NUMERICAL STANDARD, MULTIPLIED IN TURN BY THE TOTAL
NUMBER OF THE ENTIRE FLEET SALES BY THAT MANUFACTURER.
FOR EXAMPLE, IF MANUFACTURER X HAS 1,000 CARS AND
ITS FLEET AVERAGE IS 17.8 MPG RATHER THAN THE STANDARD
OF 18.0 HIS TOTAL PENALTY IS FIVE DOLLARS TIMES
TWO TIMES 1,000 EQUALS TEN THOUSAND DOLLARS. CHRISTOPHER

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